

SECTION 1

EXECUTIVE SUMMARY

Background

The Department of Defense established the Paperless Contracting (PC) Working-level Integrated Process Team (WIPT) in the Fall of 1997 to develop performance measurements, develop strategic business plans, and prototype electronic commerce business applications in support of Paperless Contracting, as defined in Management Reform Memorandum #2, the National Performance Review Goal #7, and the Defense Reform Initiative, Chapter 1. The PC effort is designed to achieve the Department of Defense's (DoD) paperless contracting goal, i.e., all aspects of the contracting process for major weapons and spares will be paper free by January 1, 2000.

Electronic commerce, electronic document management/access, government purchase cards, shared data, and related technologies, including the Internet and World Wide Web are all readily available technologies which can be used in support of PC. These technologies will allow the Department of Defense (DoD) to drastically reduce the amount of paper received, processed, and stored in places like the Services' procurement shops, contract administration area offices, and the Defense Finance and Accounting Service (DFAS) contract pay operations.

A specific tasking of the PC-WIPT is to develop an end-to-end process flow of DoD procurement. This tasking began with a Gartner Group review of the Shared Data Warehouse (SDW) project in the Fall of 1997. Their review indicated that DoD lacked an overall business strategy, or end-to-end view of the business processes involved in procurement. Procurement, in this context includes: project management, logistics, finance and accounting, payment, contracting, contract administration, and auditing. The Gartner Group recommendation was to turn DoD's focus away from technical solutions and, instead, concentrate on understanding the current business needs. The PC-WIPT had earlier foreseen a need to perform some additional process modeling in support of their prototyping initiatives. When the Gartner Group report was released, the PC-WIPT received DEPSECDEF approval to develop an end-to-end contracting business process model, including the involved roles and responsibilities, the integration points between these roles in terms of data hand-offs and process dependencies, and the associated business rules, that could be used in both PC-related prototypes and serve the needs of the Acquisition and Financial communities in filling the voids indicated within the Gartner Group report.

Approach

PC-WIPT co-chairs Rosanne Beckerle and Captain Ted Case retained the services of consultants from ICON - Information Concepts in Management and Coopers & Lybrand to structure, facilitate, and document the development of the process flow. The agreed-upon approach to conducting the project follows.

- **As-is model** - develop a business process model that reflects today's real world environment, not what is desired or anticipated
- **Top down** - analyze the business requirements starting from the highest perspective, then progress through lower levels of detail
- **High level** - keep the analysis at the DoD level, noting Service differences; leverage the lower level detail from the Services and/or process models in existence within specific business processes
- **WHATs first, then WHOs** - focus on the business process requirements - what must be done first, then align with roles and responsibilities
- **80/20 rule** - concentrate on modeling the basics and not all of the exceptions, following the principle that 80 percent of the volume of work is handled as 'business as usual'
- **Cross-functional involvement** - conduct a facilitated session with decision-makers from all related business areas to develop the model together
- **Straw model** - develop a straw model process composition or hierarchy, process map, and business rules to help structure and guide the discussions

Using a myriad of existing process models which document in detail certain parts of the procurement and financial processes, a high-level process composition was drafted to describe the major processes involved in DoD procurement and finance of major weapons systems and spares (delegated contracts). The related lower-level processes were aligned with the generic role responsible for its performance. The processes were ordered, linked by the information that is passed from one process (and organization) to another. Business rules that govern the way business is conducted were captured during this mapping exercise. These building blocks formed the basis for dialogue during a five-day work session held January 12 - 16, 1998 in Crystal City, Virginia. The participants drafted a revised model and set of Business Rules. The results were documented, then validated by the same group during a three-day work session held January 27 - 29, 1998. The resulting model is provided in this document. The list of participants from both sessions is provided in Section 8.

During the validation session, several acquisition scenarios were used to walk through and test the DoD End-to-End Contracting Business Process Model: development of a new contract for a major weapons system, execution of an order under an existing agreement (such as an IDIQ, DVD, Virtual Prime Vendor, PIO, BOA, BPA, or GSA schedule), as well as contractor logistics support and other blanket purchase agreements. Processes and steps, business rules and inputs/outputs were reviewed and revised as appropriate.

A presentation of the results will be provided through information briefings to the DEPSECDEF and other key stakeholders during February-March 1998. It is anticipated that this model will form the basis for coordinating and integrating changes to procurement automation activities already underway, when passed to the respective Program Managers for the Standard Procurement System (SPS) and the Defense Procurement Pay System (DPPS). This model will also be used by the PC-WIPT, in

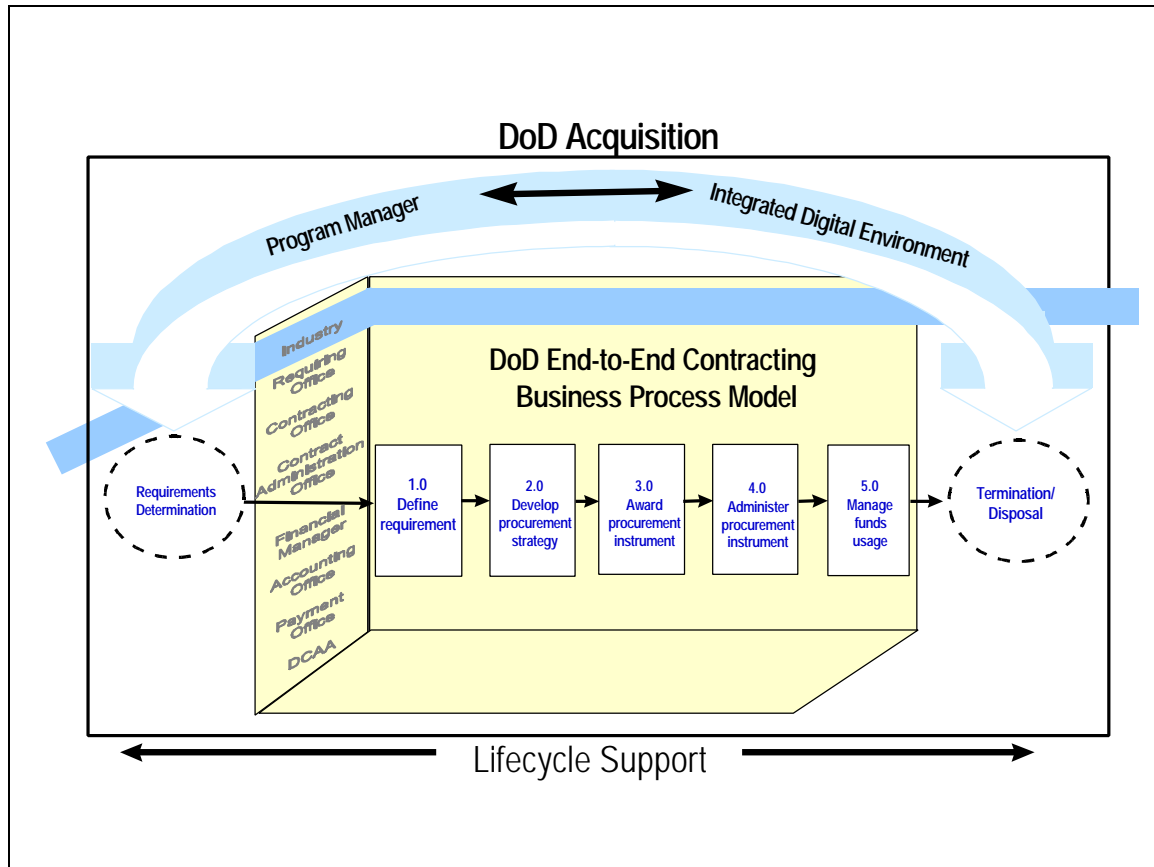
support of near-term prototyping efforts. The development of this model has reinforced the need to pull together representatives from the various communities to form a joint team(s) to further detail the process and information requirements for handling acceptance and receipt, paying contractors, monitoring procurement instrument performance, updating funds status, and closing out the procurement instrument. Another recommendation is to create a To-be Process Model for the year 2000 and another for the year 2005 to anticipate and plan for changes in the business based upon the implementation of technology. Additionally, the group noted the need to have a team agree upon and address changes to the as-is and to-be business rules and roles. As was mentioned by the participants of the work sessions, the key to the success of any of these activities is to ensure that decision makers from each involved activity are brought together to develop the models in a cooperative and sharing environment to preclude reinventing the stovepipe world of today.

Scope

As noted in the following figure, the scope of this model begins with the assembly of a requirements package presented to the Contracting Office and includes steps throughout the acquisition process until the procurement instrument is closed out. This includes describing and packaging the requirement, committing funds, developing the procurement package/solicitation/award, obligating funds, monitoring performance and accepting products/services, authorizing and paying contractors, updating funds status, reconciling contract funds, and closing out procurement instruments. This effort extends the contracting process into the larger process of acquisition and finance to ensure the continuity of all required actions.

Organizations involved in this effort included requiring, funding, contracting, contract maintenance, accounting, paying, and auditing personnel from each of the Services, the Deputy Undersecretary of Defense for Logistics (DUSD-L), the Defense Logistics Agency (DLA), the Defense Information Systems Agency (DISA), the Defense Contract Audit Agency (DCAA), the Defense Finance and Account Service (DFAS), and the Defense Contract Management Command (DCMC).

The following activities were considered outside the scope of this model: the development of detailed technical specifications, inventory management, shipping and delivery, test and evaluation, debt collection, production of the product/service, life-cycle support, budget distribution, Treasury reporting, configuration status accounting, grants and cooperative agreements, credit card orders, cross-disbursements, and overall management activities. However, much of the data that are produced by these processes and required by the acquisition community are within the scope of this model.

Figure 1-1, DoD End-to-End Contracting Business Scope Diagram

Deliverable Components

This document represents the high-level as-is Business Process Model for DoD Contracting. Section 2 provides the Process Map. Section 3 provides the Process Composition Diagram and Summary, and the Process Detail. Section 4 provides a description of each Input/Output which appears on the Process Map. All of the sample forms and reports that further describe Section 4, Inputs/Outputs that were provided by the participants have been compiled in Portable Document Format (PDF) files housed at the PC-WIPT. Section 5 provides a list of current Business Rules as agreed to by the work session participants. Section 6 provides a list of Open Issues, which are questions and/or concerns raised by the group but not resolved during the course of the work sessions. Section 7 discusses Next Steps. Section 8 provides a list of the participants for both work sessions.